

JODY MAIER
jmaier@LevinGann.com

DIRECT DIAL
410-321-4665

LAW OFFICES
LEVIN & GANN
A PROFESSIONAL ASSOCIATION
NOTTINGHAM CENTRE
502 WASHINGTON AVENUE
8th Floor
TOWSON, MARYLAND 21204
410-321-0600
TELEFAX 410-339-5762

ELLIS LEVIN (1893-1960)
CALMAN A. LEVIN (1930-2003)

March 14, 2005

Federal Communications Commission
Office of the Secretary
445 - 12th Street SW
Washington, D.C. 20554

Re: CC Docket No. 02-06
Request for Review/Letter of Appeal
Billed Entity Name: GHCC Literacy Program
Service Provider: TRG Networking, Inc.

Dear Sir/Madam:

This Letter of Appeal is hereby respectfully submitted by TRG Networking, Inc. ("TRG") to request a review by the Federal Communications Commission ("FCC") of the Administrator's Decision on Appeal, dated January 18, 2005 and attached hereto as Exhibit 1, of the Schools and Libraries Division (the "SLD") of the Universal Service Administrative Company ("USAC") original decision to "rescind in full" the funding request listed below because TRG's client, the GHCC Literacy Program ("GHCC") was unable to provide evidence that it had an approved technology plan as required by the rules of the SLD Universal Service Support Mechanism (the "E-rate Program"):

Billed Entity Name: GHCC Literacy Program
Form 471 Application Number: 193903
Funding Request Number: 415934
SPIN: 143011962
Service Provider: TRG Networking
Billing Account Number: 4102613509
Amount: \$ 6,480.00

As described below, TRG respectfully requests the FCC reverse the Administrator's decision with respect to the above-referenced funding request because the SLD submitted documentation to TRG showing that GHCC had an approved technology plan. TRG properly and reasonably relied upon that documentation, performed the approved work, and received payment for such work from SLD. In addition, TRG was entirely unaware of any deficiencies with GHCC's Technology Plan as TRG was not involved in the drafting or submission of such a plan and, again, TRG had received notification from the SLD that the GHCC had an approved Technology Plan. Finally, injustice would result if TRG is required to reimburse the funds it properly received for completing the work approved by SLD.

By way of background, TRG is a small company (less than 20 full-time employees) that provides computer networking services and sells computer hardware and software to businesses in the Baltimore metropolitan area. TRG provided networking services to GHCC through the E-Rate program in 2001.

On April 21, 2000, TRG received a Funding Commitment Decision Letter from the SLD that stated in its Funding Commitment Report: **TECHNOLOGY PLAN APPROVAL STATUS: PENDING APPROVAL**. See attached Exhibit 2. On September 4, 2001, TRG received a second Funding Commitment Decision Letter that stated in its Funding Commitment Report: **TECHNOLOGY PLAN APPROVAL STATUS: APPROVED**. See attached Exhibit 3. TRG properly performed services based on that Funding Commitment Decision and was paid the appropriate monies by SLD.

It is important to recognize that TRG had absolutely no involvement in or control over GHCC's Technology Plan. TRG reasonably relied upon the representations made to it by GHCC and the SLD, including the SLD's statement in its Commitment Letter that the Technology Plan was approved. Thus, the sole basis for the SLD's Commitment Adjustment Letter is disproven by the SLD's very own documentation.

TRG properly relied upon the Commitment Decision Letter showing approval of a Technology Plan, performed the work requested, and received payment for such services. It would be manifestly unjust for TRG, a small company, to be required to reimburse the monies paid to it for services performed in reliance upon a Technology Plan over which it had no control and that had been "APPROVED" according to the SLD.

The very injustice to be avoided here is referenced by the SLD in an audit report authored by Mr. George McDonald, Vice President of the Schools and Libraries Division. Mr. McDonald writes:

Applicant Action

In certain circumstances, SLD is required to seek recovery for an issue over which the service provider had no knowledge or control. In such cases it may be appropriate to seek recovery from the applicant. As the vendor has no accountability for the technology plan, this may be such a case. Recoveries from the applicant must be approved by the FCC on a case-by-case basis. Accordingly, SLD will seek guidance from the FCC regarding the recovery for this finding.

See attached Exhibit 4. TRG reiterates that it had no involvement in, control over or accountability for GHCC's Technology Plan. As such, it is GHCC (as applicant) to whom the SLD should turn for recovery should such a recovery be deemed appropriate.

For all of the foregoing reasons, TRG Networking, Inc. respectfully requests that the FCC reverse the decision of the Administrator and either approve the funding paid to TRG for

Federal Communications Commission

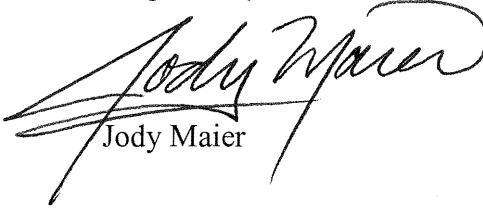
March 14, 2005

Page 3

services provided to the GHCC Literacy Program, or, at a minimum, recognize that TRG, as the service provider, is not responsible for reimbursement in this case as it had no accountability for, knowledge of or control over GHCC's Technology Plan.

Should the FCC have any questions or require further information, please do not hesitate to contact me (at the address and phone number listed above) or Ms. Toni Rosen, President of TRG Networking, Inc. at (410)363-6980.

Respectfully submitted,



Jody Maier

cc: Ms. Toni Rosen

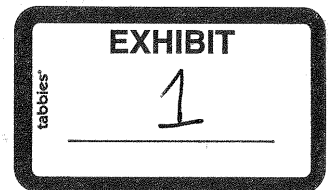


Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal - Funding Year 2000-2001

January 18, 2005

Jody Maier
Levin & Gann.
Nottingham Centre
502 Washington Ave, 8th Floor
Towson, MD 21204



Re: Greater Homewood Community Corporation, Inc. Literacy Program (GHCC)

Re: Billed Entity Number: 200317
471 Application Number: 193903
Funding Request Number(s): 415934
Your Correspondence Dated: July 22, 2004

After thorough review and investigation of all relevant facts, the Schools and Libraries Division ("SLD") of the Universal Service Administrative Company ("USAC") has made its decision in regard to your appeal of SLD's Year 2000 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of SLD's decision. The date of this letter begins the 60-day time for appealing this decision to the Federal Communications Commission ("FCC"). If your letter of appeal included more than one Application Number, please note that for each application for which an appeal is submitted, a separate letter is sent.

Funding Request Number: 415934
Decision on Appeal: **Denied in full**
Explanation:

- On appeal, you seek reversal of the SLD decision to rescind the approved funding for the referenced funding request because GHCC did not have an approved technology plan. You state that TRG Networking, Inc. (TRG) relied on documentation provided by SLD, performed the approved work, and was reimbursed by SLD. Further, you argue that if a technology plan did not exist, TRG should not be penalized for SLD's oversight.
- After a thorough review of the appeal letter, the audit report and its surrounding documentation, it was determined that during the audit, the auditors found that the GHCC did not have an approved technology plan as required by the program. In accordance with the rules of this support mechanism, a technology plan must be approved prior to the submission of the Form 486 or the date the services begin in

order to receive discounts on services other than basic local and long distance telephone service. Since the referenced FRN is not a request for basic local or long Distance Service, an approved technology plan was required. Accordingly the funding request must be rescinded in full.

- GHCC's Form 471 requested funding for products and/or services other than basic local and long distance telephone service. FCC rules require applicants to certify that the entities receiving products and/or services other than basic telephone service are covered by an individual and/or higher-level technology plan that has been, or is in the process of being approved. 47 C.F.R. § 54.504(b)(2)(vii); *See* Schools and Libraries Universal Service, Services Ordered and Certification Form, OMB 3060-0806 Block 6, item 26, 27 (*FCC Form 471*).
- On their Form 471, GHCC certified that the recipients of products and/or service were covered by an individual and/or higher-level technology plan and that the technology plan had been approved or was in the process of being approved. During an audit, SLD requested that GHCC provide a copy of their technology plan. GHCC was unable to provide a copy of their approved technology plan. Consequently, SLD denies your appeal.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either the SLD or the Federal Communications Commission (FCC). For appeals that have been denied in full, partially approved, dismissed, or cancelled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience, and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

CC: Jim Fragomeni
GHCC Literacy Program
3501 North Charles Street
Baltimore, MD 21218

USAC
UNIVERSAL SERVICE
ADMINISTRATIVE CO.

Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

SCHOOLS AND LIBRARIES DIVISION



FUNDING COMMITMENT DECISION LETTER
(Funding Year 3: 07/01/2000-06/30/2001)

April 21, 2000

TRG Networking
Pinchas Fleischman
8422 Ballona Lane, Suite 102
Towson, MD 21204-2056

Re: Service Provider Name: TRG Networking
Service Provider Identification Number: 143011962

Thank you for participating in the E-rate program for Funding Year 3 (07/01/2000 - 06/30/2001). This letter is your notification of our decision(s) regarding applications that listed your company's Service Provider Identification Number (SPIN) as providing service(s) eligible for discounts.

As was the case in previous program years, there are a number of steps that need to be completed in order to implement E-rate discounts. In an effort to expedite the process of implementing discounts, we are providing detailed information regarding the status of your customers' requests for discounts in the form of a series of Funding Commitment Reports. Attached are reports of our decisions made for customers listing your SPIN in their Form 471 applications. Each report contains detailed information extracted from the Applicant's Form 471 as well as an explanation of our decision regarding their Discount Funding Request.

NEXT STEPS

Once you've reviewed this letter, we urge you to contact your customers to begin any necessary arrangements regarding start of services, billing of discounts or any other administrative details for implementation of E-rate services. As a reminder, only services delivered and installed July 1, 2000, to June 30, 2001, are eligible for these discounts. Applicants have been encouraged to contact you regarding their E-rate commitments. After Applicants have received their Funding Commitment Decision Letter, they will be required to file an FCC Form 486, "Receipt of Service Confirmation Form." THIS FORM IS UNDER REVISION AND WILL BE MADE AVAILABLE AS SOON AS IT IS READY. We will send you a Form 486 Notification Letter when we receive a Form 486 from Applicants who cite your SPIN, and will also provide guidance on how to invoice the Schools and Libraries Division (SLD) for payment on discounts for services listed in the respective Form 486. An appeal of the funding decisions detailed in a Funding Commitment Decision Letter must be received within 30 days of the date on the Funding Commitment Decision Letter. (Information on the appeal process can be found in the "How to Apply, Step-by-Step" area of the SLD web site, www.sl.universalservice.org) Therefore, prompt communication with your customer is essential.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Federal Communications Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not limited to that by SLD, the Applicant, or Service Provider,

and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel those funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Thank you for the work you are doing to connect our schools and libraries through advanced telecommunications services.

Sincerely,

Kate L. Moore
President, Schools and Libraries Division, USAC

Enclosures

A GUIDE TO THE FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each approved E-rate funding request featuring your SPIN. We are providing the following definitions:

- * **FUNDING REQUEST NUMBER (FRN):** A Funding Request Number is assigned by the SLD to each line completed in Block 5 of the Applicant's Form 471 once an application has been processed. This number is used to report to Applicants and Service Providers the status of individual discount requests submitted on a Form 471.
- * **FORM 471 APPLICATION NUMBER:** A unique identifier assigned to a Form 471 application by the SLD (from Item 3b of the Form 471).
- * **FORM 470 APPLICATION NUMBER:** A unique identifier assigned by the SLD to a Form 470 as listed in Block 5, Item 12 of the Form 471.
- * **NAME OF 471 APPLICANT:** Name of entity that applied to the SLD, from Item 1 of the Form 471.
- * **ADDRESS OF 471 APPLICANT:** Address of entity that applied to the SLD from Item 1 of the Form 471. Includes street address and state, city and zip code.
- * **ENTITY NUMBER:** A unique identifier assigned by the SLD for the Applicant.
- * **NAME OF CONTACT PERSON:** The name of the contact person from Block 1, Item 6 of the Form 471.
- * **PREFERRED MODE OF CONTACT:** i.e., telephone, fax, E-mail or standard mail.
- * **CONTACT INFORMATION:** i.e., telephone number, fax number, E-mail address, or mailing address based on preferred mode of contact.
- * **FUNDING YEAR:** The funding year for which discounts have been requested.
- * **FUNDING STATUS:** Each FRN will have one of three definitions: "Funded," "Not Funded," or "As Yet Unfunded." This service provider notification will not include FRNs in the "As Yet Unfunded" status.
 1. An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determines during the application review process that some adjustment is appropriate.
 2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules or because the total amount of funds in the Universal Service Fund was insufficient to fund all requests.
 3. An FRN that is "As Yet Unfunded" in an Applicant's Funding Commitment Decision Letter reflects a temporary status that is assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for internal connections at a particular discount level. For example, if the application included requests for discounts on both telecommunications services and internal connections, the applicant might receive a letter with a funding commitment for their telecommunications funding requests and a message that their internal connections requests are "As Yet Unfunded." The funding decision on those internal connections requests will be included in a subsequent Funding Commitment Decision Letter.
- * **CONTRACT NUMBER:** The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.
- * **SERVICES ORDERED:** The category of service ordered from the service provider, as shown on Form 471, Block 5, Item 11.
- * **SITE IDENTIFIER:** The Entity Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.
- * **BILLING ACCOUNT NUMBER:** The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account Number was provided on Form 471.

- * ALLOWABLE CONTRACT DATE: The earliest date the Applicant was permitted to sign a contract for services after posting a Form 470.
- * CONTRACT AWARD DATE: The date that the contract for this service was awarded.
- * EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT: The first possible date of service for which the SLD will reimburse service providers for the discounts for the service. Note: If the actual service start date provided on a Form 486 is later than this date, the actual service start date set forth in the Form 486 will be the effective date of the discount.
- * CONTRACT EXPIRATION DATE: The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.
- * TOTAL ESTIMATED MONTHLY RECURRING CHARGES: Estimate of the total monthly charges for the recurring service.
- * PORTION OF TOTAL ESTIMATED MONTHLY RECURRING CHARGES THAT IS INELIGIBLE: Total charges associated with ANY ineligible services, entities, or uses included in the Total Estimated Monthly Charges for this service.
- * ELIGIBLE MONTHLY PRE-DISCOUNT AMOUNT FOR RECURRING CHARGES: Total Estimated Monthly Recurring Charges less the Portion of Total Estimated Monthly Recurring Charges that is Ineligible. The total amount of eligible charges approved under program.
- * NUMBER OF MONTHS RECURRING SERVICE PROVIDED IN PROGRAM YEAR: Number of months the service will be provided in the funding year.
- * ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE RECURRING SERVICES: Eligible Monthly Pre-Discout Amount for Recurring Charges multiplied by Number of Months Recurring Service Provided in Program Year.
- * ANNUAL NON-RECURRING CHARGES: Estimate of the total amount of non-recurring (one time) pre-discount charges for this service.
- * PORTION OF ANNUAL NON-RECURRING CHARGES THAT IS INELIGIBLE: Total cost associated with ANY ineligible services, entities, or uses included in the Annual Non-Recurring Charges.
- * ANNUAL ELIGIBLE PRE-DISCOUNT AMOUNT FOR NON-RECURRING CHARGES: Annual Non-Recurring Charges less the Portion of Annual Non-Recurring Charges that is Ineligible. The total amount of eligible non-recurring charges requested under program.
- * TOTAL PROGRAM YEAR PRE-DISCOUNT AMOUNT: The total eligible recurring and non-recurring charges under the program for the Funding Year.
- * APPLICANT'S APPROVED DISCOUNT PERCENTAGE: This is the discount rate that the SLD has approved for this service.
- * FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD is now reserving to reimburse service providers for the discounts for this service through June 30, 2001. This figure may be different from the Estimated Total Annual Pre-Discout Cost (Block 5, Item 23, Column I) times the Percentage Discount (Block 5, Item 23, Column J) in the 471 application. It may be lower because of an adjustment determined appropriate by the SLD, such as of the discount percentage, or a denial of discounts and, if so, the accompanying comment will explain this difference. Whatever amount is listed here, it is important that you and the 471 Applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only on eligible, approved services actually delivered and installed.
- * FUNDING COMMITMENT DECISION EXPLANATION: This entry may appear to amplify the comment in the "Funding Commitment Decision," if the SLD determined that some adjustment to the request level was appropriate.
- * TECHNOLOGY PLAN APPROVAL STATUS: This indicates whether the technology plans of the entities included in the Form 471 application have received approval, are pending, or are not needed. Consortium applications may feature both "approved" and "pending approval" status. This is from Block 6, Item 27 of the Form 471 application.
- * WAVE NUMBER: The number of the grouped mailing in which the Applicant's Funding Commitment Decision Letter was included.

* APPLICANT LETTER DATE: The date on the Applicant's Funding Commitment Decision Letter.

FUNDING COMMITMENT REPORT

Service Provider Name: TRG Networking
Service Provider Identification Number: 143011962

Funding Request Number: 415934
Form 471 Application Number: 193903
Form 470 Application Number: 417040000266530
Name of 471 Applicant: GHCC LITERACY PROGRAM
Applicant Street Address: 3501 NORTH CHARLES STREET
Applicant City: BALTIMORE
Applicant State: MD
Applicant Zip: 21218
Entity Number: 200317
Name of Contact Person: Jim Fragomeni
Preferred Mode of Contact: EMAIL
Contact Information: JFragomeni@aol.com
Funding Year: 07/01/2000 - 06/30/2001
Funding Status: Funded
Contract Number: 011800
Services Ordered: Internal Connections
Site Identifier: 200317
Billing Account Number: 4102613509
Allowable Contract Date: 01/05/2000
Contract Award Date: 01/18/2000
Earliest Possible Effective Date of Discount: 07/01/2000
Contract Expiration Date: 06/30/2001
Total Estimated Monthly Recurring Charges: \$800.00
Portion of Total Estimated Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$800.00
Number of Months Recurring Service Provided in Program Year: 12
Annual Pre-Discount Amount for Eligible Recurring Services: \$9600.00
Annual Non-Recurring Charges: \$0.00
Portion of Annual Non-Recurring Charges that is Ineligible: \$0.00
Annual Eligible Pre-Discount Amount for Non-Recurring Charges: \$0.00
Total Program Year Pre-Discount Amount: \$9600.00
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$8640.00 - 471 approved as submitted
Technology Plan Approval Status: Pending Approval
Wave Number: 002
Applicant Letter Date: 04/21/2000

Handwritten: 5+ - Nebraska

Handwritten: See Outsourcing

Handwritten: Installation

- (1) one server - *setup* (Box & Software)
- (2) 2 Buildings (Interconnect Service)
- (3) 15 computers (*setup*)

Handwritten:
Year 2 - 2400.00
Year 3 - 800/month
July Quarterly
503 #13000
503 #13001



Universal Service Administrative Company
Schools & Libraries Division

FUNDING COMMITMENT DECISION LETTER
(Funding Year 4: 07/01/2001-06/30/2002)

September 4, 2001

TRG Networking
Denis Kelley
8422 Bellona Lane
Suite 102
Towson, MD 21204

Re: Service Provider Name: TRG Networking
Service Provider Identification Number: 143011962

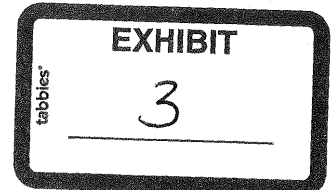
Thank you for participating in the E-rate program for Funding Year 4 (07/01/2001 - 06/30/2002). This letter is your notification of our decision(s) regarding applications that listed your company's Service Provider Identification Number (SPIN) as providing service(s) eligible for discounts.

As was the case in previous program years, there are a number of steps that need to be completed in order to implement E-rate discounts. In an effort to expedite the process of implementing discounts, we are providing detailed information regarding the status of your customers' requests for discounts in the form of a series of Funding Commitment Reports. Attached are reports of our decisions made for customers listing your SPIN in their Form 471 applications. Each report contains detailed information extracted from the Applicant's Form 471, as well as an explanation of our decision regarding their Discount Funding Request.

NEXT STEPS

[Once you've reviewed this letter, we urge you to contact your customers to begin any necessary arrangements regarding start of services, billing of discounts or any other administrative details for implementation of E-rate services. As a reminder, only services delivered in accordance with Federal Communications Commission (FCC) rules on service delivery periods are eligible for these discounts. Applicants have been encouraged to contact you regarding their E-rate commitments. After Applicants have received their Funding Commitment Decision Letter, they will be required to file FCC Form 486, "Receipt of Service Confirmation Form." We will send you a Form 486 Notification Letter when we receive a Form 486 from Applicants who cite your SPIN, and will also provide guidance on how to invoice the Schools and Libraries Division (SLD) for reimbursement of discounts for services listed in the respective Form 486. There is a new Form 486, dated July 2001 in the lower right corner, that MUST be used for Funding Year 4 and for any previous funding years once it becomes available. Subsequent submissions of earlier versions of the Form 486 will be returned to the Applicant and will not be able to be processed.]

On December 21, 2000, the Children's Internet Protection Act was signed into law, and applicants will be required to use the Form 486 to certify their compliance status. Because of this new feature on the Form 486, you should carefully review the Form 486 Notification Letter(s) you receive to make sure no changes have occurred since this Funding Commitment Decision Letter. In order to receive discounts for Internet access and internal connections services under the universal service support mechanism, school and library authorities must certify that they are enforcing a policy of Internet safety that includes measures to block or filter Internet access for both minors and adults to certain visual depictions. For Funding Year 4, recipients are not required to have the policies and technology measure in place; they may certify that they are undertaking



necessary actions to put them in place for the following year.

Any appeal of the funding decisions detailed in a Funding Commitment Decision Letter must be received within 30 days of the date on the Funding Commitment Decision Letter. (Information on the appeal process can be found in the "How to Apply, Step-by-Step" area of the SLD web site, www.sl.universalservice.org) Therefore, prompt communication with your customer is essential.

NOTICE ON RULES AND FUNDS AVAILABILITY

Applicants' receipt of funding commitments is contingent on their compliance with all statutory, regulatory, and procedural requirements of the universal service mechanisms for schools and libraries. FCC Form 471 Applicants who have received funding commitments continue to be subject to audits and other reviews that SLD or the Federal Communications Commission may undertake periodically to assure that funds have been committed and are being used in accordance with all such requirements. If the SLD subsequently determines that its commitment was erroneously issued due to action or inaction, including but not limited to that by SLD, the Applicant, or Service Provider, and that the action or inaction was not in accordance with such requirements, SLD may be required to cancel those funding commitments and seek repayment of any funds disbursed not in accordance with such requirements. The SLD, and other appropriate authorities (including but not limited to USAC and the FCC), may pursue enforcement actions and other means of recourse to collect erroneously disbursed funds. The timing of payment of invoices may also be affected by the availability of funds based on the amount of funds collected from contributing telecommunications companies.

Thank you for the work you are doing to connect our schools and libraries through advanced telecommunications services.

Sincerely,

Schools and Libraries Division
Universal Service Administrative Company

Enclosures

A GUIDE TO THE FUNDING COMMITMENT REPORT

Attached to this letter will be a report for each E-rate funding request featuring your SPIN. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each Block 5 of the Applicant's Form 471 once an application has been processed. This number is used to report to Applicants and Service Providers the status of individual discount funding requests submitted on a Form 471.

FORM 471 APPLICATION NUMBER: A unique identifier assigned to a Form 471 application by the SLD (from Item 3b of the Form 471).

FORM 470 APPLICATION NUMBER: A unique identifier assigned by the SLD to a Form 470 as listed in Block 5, Item 12 of the Form 471.

NAME OF 471 APPLICANT: Name of entity that applied to the SLD, from Item 1 of the Form 471.

ADDRESS OF 471 APPLICANT: Address of entity that applied to the SLD from Item 1 of the Form 471. Includes street address and state, city and zip code.

ENTITY NUMBER: A unique identifier assigned by the SLD for the Applicant.

NAME OF CONTACT PERSON: The name of the contact person from Block 1, Item 6 of the Form 471.

PREFERRED MODE OF CONTACT: i.e., telephone, fax, E-mail or standard mail.

CONTACT INFORMATION: i.e., telephone number, fax number, E-mail address, or mailing address based on preferred mode of contact.

FUNDING YEAR: The funding year for which discounts have been requested.

FUNDING STATUS: Each FRN will have one of three definitions: "Funded," "Not Funded," or "As Yet Unfunded." This service provider notification will not include FRNs in the "As Yet Unfunded" status.

1. An FRN that is "Funded" will be approved at the level that SLD determined is appropriate for that item. The funding level will generally be the level requested unless the SLD determines during the application review process that some adjustment is appropriate.
2. An FRN that is "Not Funded" is one for which no funds will be committed. The reason for the decision will be briefly explained in the "Funding Commitment Decision," and amplification of that explanation may be offered in the section, "Funding Commitment Decision Explanation." An FRN may be "Not Funded" because the request does not comply with program rules or because the total amount of funds in the Universal Service Fund was insufficient to fund all requests.
3. An FRN that is "As Yet Unfunded" in an Applicant's Funding Commitment Decision Letter reflects a temporary status that is assigned to an FRN when the SLD is uncertain at the time the letter is generated whether there will be sufficient funds to make commitments for internal connections at a particular discount level. For example, if the application included requests for discounts on both telecommunications services and internal connections, the applicant might receive a letter with a funding commitment for their telecommunications funding requests and a message that their internal connections requests are "As Yet Unfunded." The funding decision on those internal connections requests will be included in a subsequent Funding Commitment Decision Letter.

CONTRACT NUMBER: The number of the contract between the eligible party and the service provider. This will be present only if a contract number was provided on Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SITE IDENTIFIER: The Entity Number listed in Form 471, Block 5, Item 22a will be listed. This will appear only for "site specific" FRNs.

BILLING ACCOUNT NUMBER: The account number that you have established with your customer for billing purposes. This will be present only if a Billing Account

Number was provided on Form 471.

ALLOWABLE VENDOR SELECTION / CONTRACT DATE: The earliest date the Applicant was permitted to sign a contract for services after posting a Form 470.

CONTRACT AWARD DATE: The date that the contract for this service was awarded.

EARLIEST POSSIBLE EFFECTIVE DATE OF DISCOUNT: The first possible date of service for which the SLD will reimburse service providers for the discounts for the service.

CONTRACT EXPIRATION DATE: The date the contract expires. This will be present only if a contract expiration date was provided on Form 471.

TOTAL ESTIMATED MONTHLY RECURRING CHARGES: Estimate of the total monthly charges for the recurring service.

PORTION OF TOTAL ESTIMATED MONTHLY RECURRING CHARGES THAT IS INELIGIBLE: Total charges associated with ANY ineligible services, entities, or uses included in the Total Estimated Monthly Charges for this service.

ELIGIBLE MONTHLY PRE-DISCOUNT AMOUNT FOR RECURRING CHARGES: Total Estimated Monthly Recurring Charges less the Portion of Total Estimated Monthly Recurring Charges that is Ineligible. The total amount of eligible charges approved under program.

NUMBER OF MONTHS RECURRING SERVICE PROVIDED IN PROGRAM YEAR: Number of months the service will be provided in the funding year.

ANNUAL PRE-DISCOUNT AMOUNT FOR ELIGIBLE RECURRING SERVICES: Eligible Monthly Pre-Discount Amount for Recurring Charges multiplied by Number of Months Recurring Service Provided in the funding year.

ANNUAL NON-RECURRING CHARGES: Estimate of the total amount of non-recurring (one time) pre-discount charges for this service.

PORTION OF ANNUAL NON-RECURRING CHARGES THAT IS INELIGIBLE: Total cost associated with ANY ineligible services, entities, or uses included in the Annual Non-Recurring Charges.

ANNUAL ELIGIBLE PRE-DISCOUNT AMOUNT FOR NON-RECURRING CHARGES: Annual Non-Recurring Charges less the Portion of Annual Non-Recurring Charges that is Ineligible. The total amount of eligible non-recurring charges requested under program.

TOTAL PROGRAM YEAR PRE-DISCOUNT AMOUNT: The total eligible recurring and non-recurring charges under the program for the funding year.

DISCOUNT PERCENTAGE APPROVED BY THE SLD: This is the discount rate that the SLD has approved for this service.

FUNDING COMMITMENT DECISION: This represents the total amount of funding that the SLD has reserved to reimburse service providers for the approved discounts for this service through the pertinent funding year service delivery date. It is important that you and the Form 471 Applicant both recognize that the SLD should be invoiced and the SLD may direct disbursement of discounts only for eligible, approved services actually delivered and installed.

FUNDING COMMITMENT DECISION EXPLANATION: This entry may amplify the comment in the "Funding Commitment Decision" area.

TECHNOLOGY PLAN APPROVAL STATUS: This indicates whether the technology plans of the entities included in the Form 471 application have received approval, are pending, or are not needed. Consortium applications may feature both "approved" and "pending approval" status. This is from Block 6, Item 27 of the Form 471 application.

WAVE NUMBER: The number of the grouped mailing in which the Applicant's Funding Commitment Decision Letter was included.

APPLICANT LETTER DATE: The date on the Applicant's Funding Commitment Decision Letter.

FUNDING COMMITMENT REPORT

Service Provider Name: TRG Networking
Service Provider Identification Number: 143011962
Funding Request Number: 596469
Form 471 Application Number: 245858
Form 470 Application Number: 854450000319343
Name of 471 Applicant: SOUTH BALTIMORE LEARNING CENTER
Applicant Street Address: 28 EAST OSTEND ST
Applicant City: BALTIMORE
Applicant State: MD
Applicant Zip: 21230
Entity Number: 196460
Name of Contact Person: Jim Fragomeni
Preferred Mode of Contact: EMAIL
Contact Information: JFragomeni@aol.com
Funding Year: 07/01/2001 - 06/30/2002
Funding Status: Funded
Contract Number: MTM
Services Ordered: Internal Connections
Site Identifier: 196460
Billing Account Number: SOU-01
Allowable Vendor Selection/Contract Date: 01/01/2001
Contract Award Date: N/A
Earliest Possible Effective Date of Discount: 07/01/2001
Contract Expiration Date: 06/30/2002
Total Estimated Monthly Recurring Charges: \$900.00
Portion of Total Estimated Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$900.00
Number of Months Recurring Service Provided in Program Year: 12
Annual Pre-Discount Amount for Eligible Recurring Services: \$10800.00
Annual Non-Recurring Charges: \$0.00
Portion of Annual Non-Recurring Charges that is Ineligible: \$0.00
Annual Eligible Pre-Discount Amount for Non-Recurring Charges: \$0.00
Total Program Year Pre-Discount Amount: \$10800.00
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$9720.00 - FRN approved as submitted
→ Technology Plan Approval Status: Approved
Wave Number: 004
Applicant Letter Date: 09/04/2001

FUNDING COMMITMENT REPORT

Service Provider Name: TRG Networking
Service Provider Identification Number: 143011962

Funding Request Number: 599750
Form 471 Application Number: 246940
Form 470 Application Number: 426890000320929
Name of 471 Applicant: GHCC LITERACY PROGRAM
Applicant Street Address: 3501 NORTH CHARLES STREET
Applicant City: BALTIMORE
Applicant State: MD
Applicant Zip: 21218
Entity Number: 200317
Name of Contact Person: Office Manager
Preferred Mode of Contact: EMAIL
Contact Information: JFragomeni@aol.com
Funding Year: 07/01/2001 - 06/30/2002
Funding Status: Funded
Contract Number: MTM
Services Ordered: Internal Connections
Site Identifier: 200317
Billing Account Number: GHCC
Allowable Vendor Selection/Contract Date: 01/01/2001
Contract Award Date: N/A
Earliest Possible Effective Date of Discount: 07/01/2001
Contract Expiration Date: 06/30/2002
Total Estimated Monthly Recurring Charges: \$600.00
Portion of Total Estimated Monthly Recurring Charges that is Ineligible: \$0.00
Eligible Monthly Pre-Discount Amount for Recurring Charges: \$600.00
Number of Months Recurring Service Provided in Program Year: 12
Annual Pre-Discount Amount for Eligible Recurring Services: \$7200.00
Annual Non-Recurring Charges: \$0.00
Portion of Annual Non-Recurring Charges that is Ineligible: \$0.00
Annual Eligible Pre-Discount Amount for Non-Recurring Charges: \$0.00
Total Program Year Pre-Discount Amount: \$7200.00
Applicant's Approved Discount Percentage: 90
Funding Commitment Decision: \$6480.00 - FRN approved as submitted
→ Technology Plan Approval Status: Approved
Wave Number: 004
Applicant Letter Date: 09/04/2001



Universal Service Administrative Company

To: Mr. George McDonald, VP – Schools and Libraries Division
From: Internal Audit Division
Date: June 23, 2003
Re: Schools and Libraries Beneficiary Audit Report – GHCC Literacy Program
(Audit No. SL2003BE009)

Introduction

The Internal Audit Division of the Universal Service Administrative Company performed an audit of the Schools and Libraries Support Mechanism application of the GHCC Literacy Program located in Baltimore, MD (GHCC), Billed Entity Number 200317 for the Funding Year 2000. Chris Lenhardt, Staff Auditor, conducted the audit on February 26, 2003, with fieldwork completed on April 10, 2003.

Purpose and Scope

These procedures were performed solely for the purpose of determining whether GHCC is complying with certain Schools and Libraries Support Mechanism rules and regulations.

GHCC received the following commitments and funding for the audit period:

	<u>Amount Committed</u>	<u>Amount Disbursed</u>	<u>Service Type</u>
	\$ 5,555.70	\$ 2,643.48	Internet Access
	<u>10,234.32</u>	<u>8,051.93</u>	Internal Connections
TOTALS:	\$15,790.02	\$10,695.41	

The totals represent one application with three Funding Request Numbers (FRNs). We selected 471 #193903, and sampled invoices for FRNs 415717, 415862, and 415934 to perform the procedures enumerated below with respect to the Funding Year 2000 application submitted by GHCC.

Conclusion

Based on the results of our review and test work, the Internal Audit Division has concluded that GHCC is not compliant with the Schools and Libraries Support Mechanism program requirements for the funding year reviewed. A summary of our audit procedures, findings, and responses to the findings are included below.

Audit Procedures and Findings

A. General Procedures

We obtained and reviewed the following documents:

1. Form 470 (Description of Services Requested and Certification Form)
2. Form 471 (Services Ordered and Certification Form)
3. Funding Commitment Decision Letter (FCDL)
4. Program Integrity Assurance (PIA) review notes related to application

B. Understanding the Business

We met with an Advisory Board Member of GHCC to gain a detailed understanding of the processes used by GHCC to monitor and record its participation in the Schools and Libraries Support Mechanism. We discussed the results of any communications with the Schools and Libraries Division (SLD) staff regarding the application process and any differences between the application(s) submitted and approved. This discussion included the following: the process for creating and validating the technology plan; completing the application forms; the application structure; the controls over the expenditure of the approved E-rate funds; and the procedures established to monitor claims submitted to the SLD via Billed Entity Applicant Reimbursement (BEAR) Form 472 and/or Service Provider Invoice (SPI) Form 474. We found that there are established procedures to sufficiently address program requirements. No exceptions noted.

C. Technology Plan

We obtained and reviewed the Funding Year 2000 Technology Plan for adequacy. We verified that it establishes clear goals and strategies (including professional development) for using information technology to improve education. We could not verify that the technology plan was certified by the Maryland State Department of Education, Instructional Technology.

Applicant Response:

The GHCC Grant Manager forwarded the Technology Plan to the Director of Institutional Technology for the Maryland Department of Education. GHCC did not receive any responses from the Maryland Department of Education and assumed the plan was approved. GHCC did not receive an approval for their 2000 Technology Plan.

SLD Response:

Programmatic Action

In the Technology Planning Frequently Asked Questions published on the web site SLD, it states:

“To receive services, the school or library must file a FCC Form 486, and by the time

of that filing the Technology plan must be approved. The approving entity is required to provide the applicant with a Certification of Technology Plan Approval and Form 486 will require certification that the approval has been obtained.”

The instructions to Form 486 indicates that applicants must “certify that the technology plans covering the services listed above for all the eligible entities who are recipients of services covered under this Form 486 have been approved by an authorized organization(s) that has been certified by the SLD in compliance with the rules applicable to this program.”

The Form 486 includes the following certification: “I certify that the technology plan(s) for the services received as indicated on this Form 486 have been approved as necessary.”

SLD will emphasize in program participant trainings that Technology Plan approval letters must be received before the submission of Form 486 and that such letters must be available upon SLD request.

Applicant Action

In certain circumstances, SLD is required to seek recovery for an issue over which the service provider had no knowledge or control. In such cases, it may be appropriate to seek recovery from the applicant. As the vendor has no accountability for the technology plan, this may be such a case. Recoveries from the applicant must be approved by the FCC on a case-by-case basis. Accordingly, SLD will seek guidance from the FCC regarding the recovery for this finding.

The amount of the required recovery is as follows:

<u>FRN</u>	<u>Amount Approved</u>	<u>Amount to be recovered</u>
415717	\$5,555.70	\$2,643.48
415862	\$1,594.32	\$1,571.93
415934	\$8,640.00	\$6,480.00

D. Competitive Bid Process

We obtained an understanding of GHCC’s competitive bidding (service provider selection) process to determine its adequacy and whether a process has been established to select the most cost effective service provider. No exceptions noted.

E. Supported Payments

We compared the service provider bills sent to the GHCC Literacy Program with the SPI Form 472 or BEAR Form 474 and performed the following actions:

1. Reviewed the SPI and BEAR forms for accuracy and completeness. No exceptions noted.

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2. Examined the BEAR forms and verified for the service provider's authorization. No exceptions noted.
 3. Verified that the equipment and services supporting the amounts claimed on the BEAR and SPI forms were consistent with the service provider bills sent to the GHCC, the terms and specification of the vendor contracts, and the Item 21 attachment to Form 471. No exceptions noted.
 4. Traced the SPI and BEAR forms to the corresponding service provider invoices. We recalculated the discounted amount reflected on the SPI and BEAR forms using the approved discount percentage noted on the FCDL. No exceptions noted.
 5. Verified that the total amount disbursed via the BEAR and SPI forms matched the disbursement data maintained by SLD and that the amounts did not exceed the total amount committed per the FCDL. No exceptions noted.
 6. Examined GHCC's disbursement records to verify that it paid its non-discounted portion. No exceptions noted.

F. Site Visits

The audit team visited GHCC and performed the following actions:

1. Physically verified that the equipment funded by the program exists at the locations as noted on the application. No exceptions noted.
2. Observed the equipment used to ensure that it is used for educational purposes in accordance with the program guidelines. No exceptions noted.
3. Verified that the equipment purchased with the E-rate funds were subjected to the same physical and internal controls that are required for the safeguarding of the applicant's other assets. No exceptions noted.

This report is intended solely for the use of USAC and the FCC and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of those procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

cc: Cheryl Parrino, USAC Chief Executive Officer
Scott Barash, USAC Vice President and General Counsel